

CITY OF SACO

FINANCIAL OVERVIEW

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RUNYON KERSTEEN OUELLETTE

Recently, the City of Saco completed the financial audit process. We are pleased to report that the City received an unqualified opinion, which means the financial statements are fairly stated in all material respects. Further, the City reported no material weaknesses related to its internal controls. The remainder of this publication is dedicated to providing you with the financial results for fiscal year 2012. We hope you find this information useful and understandable. Finally, we wish to express our appreciation to all those who were so helpful to us during the audit process. It truly is a pleasure working with your staff.

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About this presentation

This presentation is intended as a tool to assist the City Council and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of *RUNYON KERSTEEN OUELLETTE*.

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CITY OF SACO

GENERAL FUND – ASSETS (IN THOUSANDS)



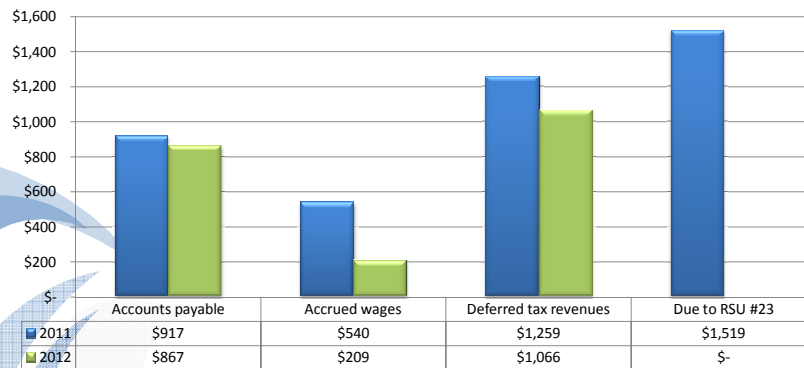
Observations:

- The 2012 **cash and investments** balance (which is net of interfund loans) increased by approximately \$943k.
- **Outstanding taxes and liens** decreased by approximately \$299k which is due to an increase in the collection rate.
- The decline in **accounts receivable** is simply due to timing of funds received near year end.



CITY OF SACO

GENERAL FUND – LIABILITIES (IN THOUSANDS)



Observations:

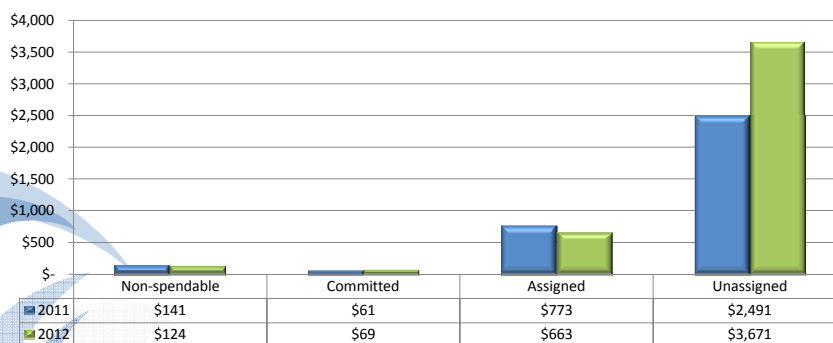
- Changes in **accounts payable** and **accrued wages** are simply a result of the timing of payments at year end. Accrued wages represent payroll earned in June, but paid in July.
- **Deferred tax revenue** represents taxes still unpaid 60 days after the end of the year. This amount decreased \$193k in 2012.
- **Due to RSU #23** represents amounts due to the school unit as a result of the transfer of the school portion of assets and liabilities. In FY'12 these amounts were settled.



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GENERAL FUND – EQUITY (IN THOUSANDS)



Observations:

- General fund **assigned fund balance** decreased by \$110k from 2011 to 2012. The assigned fund balance consists of appropriations for projects to be completed in future periods.
- **Unassigned fund balance** increased by \$1.18 million from 2011 to 2012 as revenues exceeded expenditures in 2012.
- More information on these fund balance categories can be found on pages 47 and 64 of the financial statements.



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GENERAL FUND - REVENUES

	Budget	Actual	Variance
Taxes	\$ 33,630,540	\$ 34,572,034	\$ 941,494
Licenses and permits	704,800	799,730	94,930
Intergovernmental	1,955,131	2,147,471	192,340
Charges for services	1,092,300	1,180,780	88,480
Interest earnings	30,000	7,111	(22,889)
Other revenues	566,983	287,210	(279,773)
Total revenues	37,979,754	38,994,336	1,014,582
Budgeted utilization of surplus	822,719	-	(822,719)
Carryover of Assigned Fund Balance	675,776	-	(675,776)
Transfers in	956,000	956,000	-
Total revenues and other sources	\$ 40,434,249	\$ 39,950,336	\$ (483,913)

Observations:

- **Tax revenues** were higher than budget mostly due to higher-than-expected excise taxes from Enterprise Rental.
- **Intergovernmental revenues** exceeded budget mostly due to higher-than-expected Welfare Reimbursements and other State Aid..
- **Interest revenues** were below budget mostly due to historically low interest rates.
- **Other revenues** were under budget primarily due to lower than anticipated sale of City assets (Fire Station) and insurance reimbursements.



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GENERAL FUND - EXPENDITURES

	Budget	Actual	Variance
General government	\$ 2,397,032	\$ 2,354,338	\$ 42,694
Public safety	6,167,262	6,132,726	34,536
Public works	4,616,892	4,425,191	191,701
Culture and recreation	1,144,804	1,269,848	(125,044)
Education	16,030,811	16,030,811	-
County tax	1,079,365	1,099,643	(20,278)
Unclassified	4,962,516	3,712,033	1,250,483
Debt service	2,390,941	2,419,597	(28,656)
Capital projects	859,485	554,452	305,033
Total expenditures	39,649,108	37,998,639	1,650,469
Transfers to other funds	785,141	889,280	(104,139)
Total expenditures and other financing sources	\$ 40,434,249	\$ 38,887,919	\$ 1,546,330

Observations:

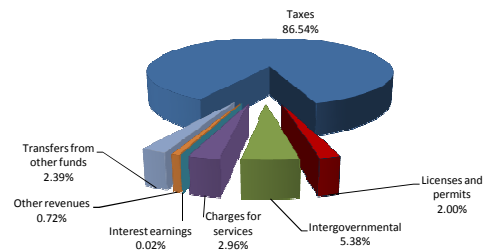
- **Culture and recreation** was over budget due to an increased demand for community services from the public. This was offset by increased revenues in the recreation department.
- **Unclassified** came in under budget as the budgeted overlay was not utilized.
- **Capital projects** came in under budget as the Sidewalk improvement projects and the City Hall roof repairs were delayed as well as several other projects.



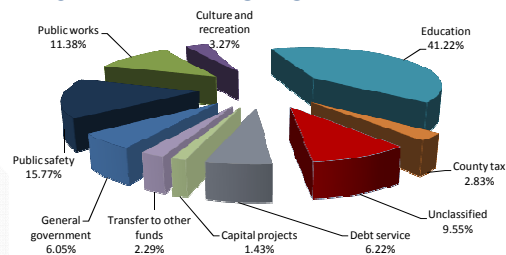
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GENERAL FUND – 2012 REVENUES



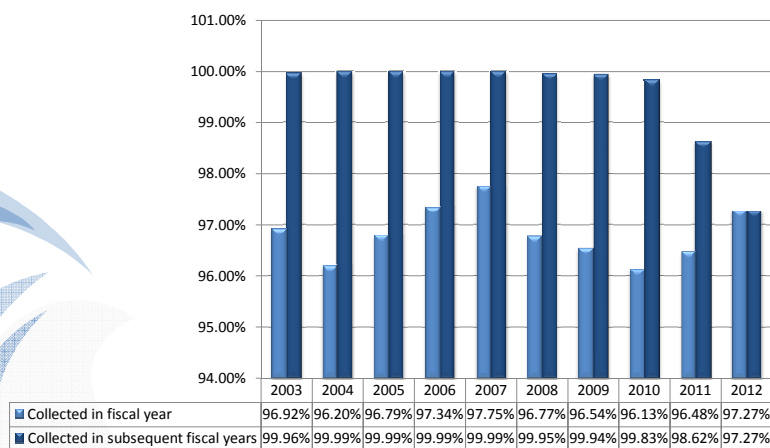
GENERAL FUND – 2012 EXPENDITURES



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PROPERTY TAX COLLECTION RATES



Observations:

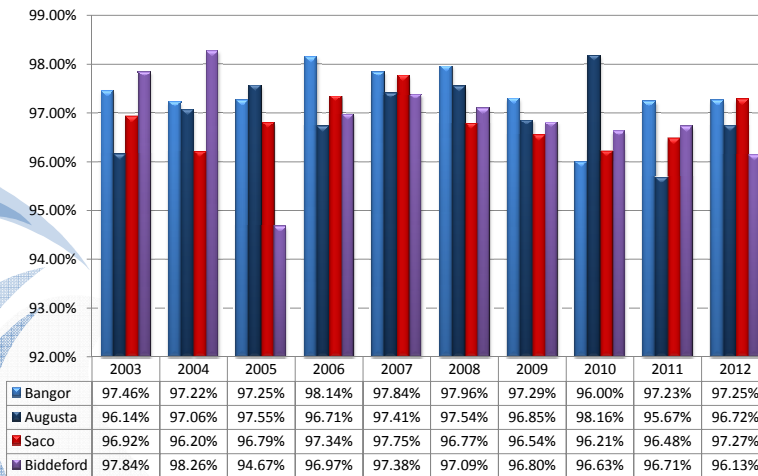
- The collection of current taxes have remained relatively stable over the last ten years.



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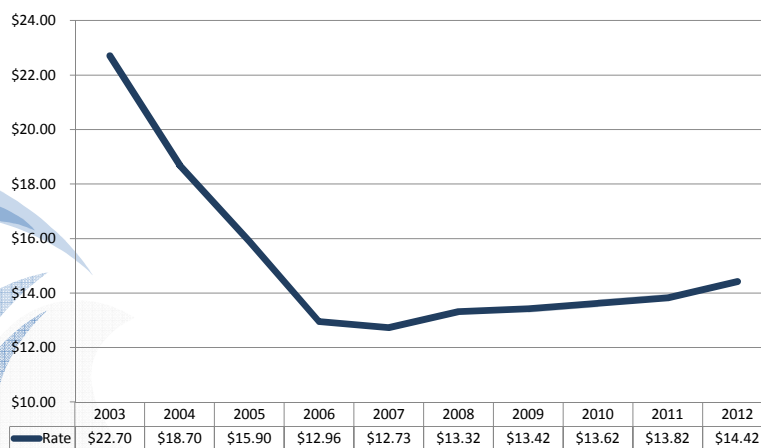
TAX COLLECTIONS COMPARTED TO OTHER CITIES



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PROPERTY TAX RATES



Observations:

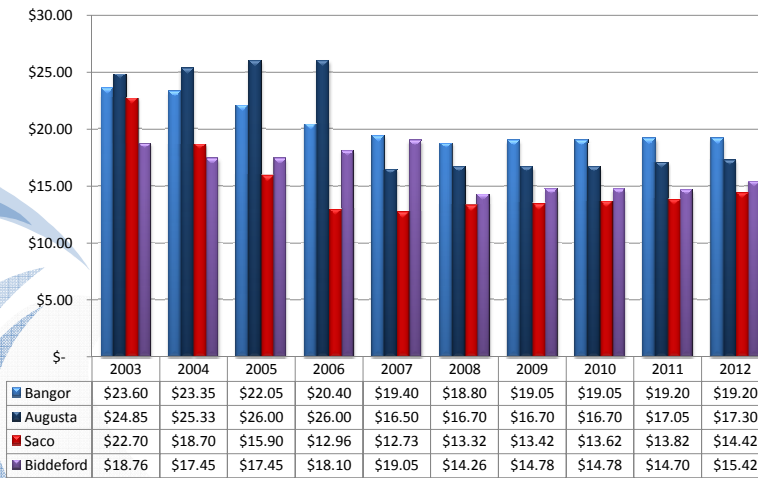
- Tax rates in Saco decreased in 2004, 2005 and 2006 due to a revaluation. Since then tax rates have remained fairly consistent from year to year.



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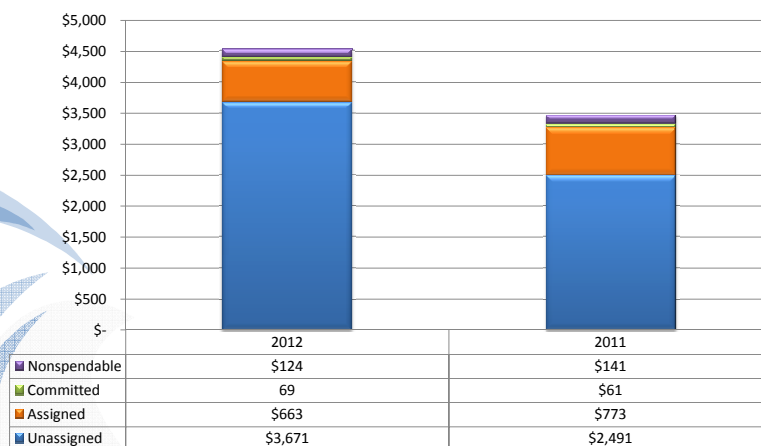
TAX RATES COMPARED TO OTHER CITIES



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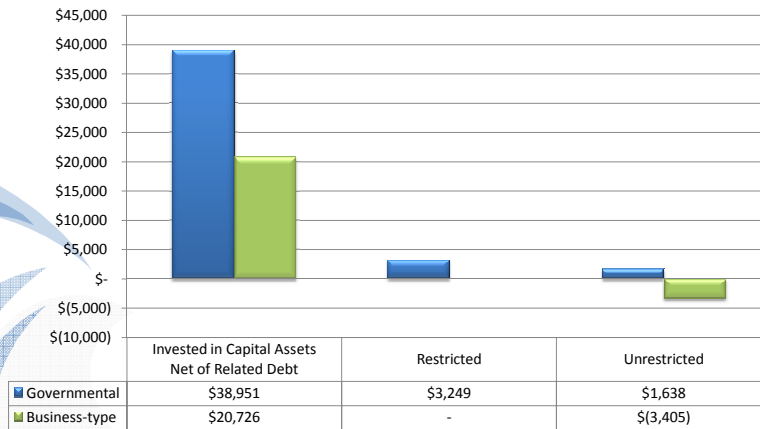
GENERAL FUND – FUND BALANCE ANALYSIS, FY 2011 - 2012



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COMPONENTS OF NET ASSETS (IN THOUSANDS)



Observations:

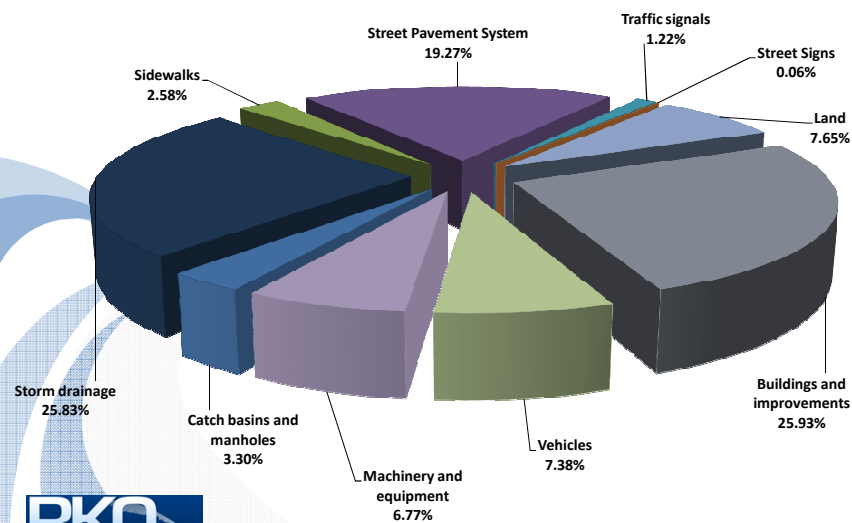
- Significant GASB 34 adjustments have been made to the fund financial statements to arrive at these amounts. These adjustments include: recording capital assets, eliminating interfund balances, eliminating deferred revenue, and recording long-term liabilities (debt, capital leases, accrued wages, etc.)



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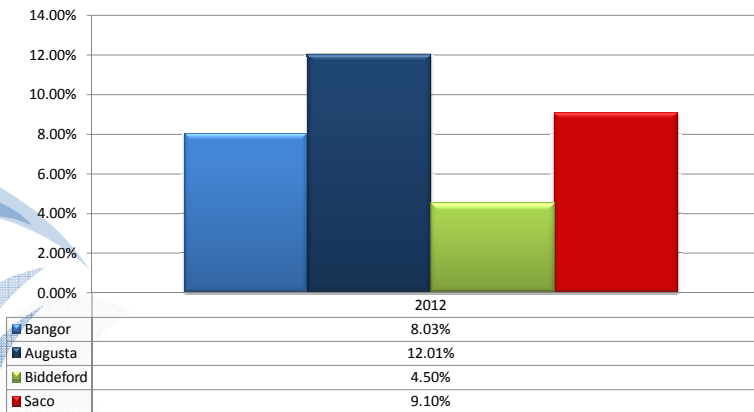
GOVERNMENTAL INFRASTRUCTURE AND CAPITAL ASSETS



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UNASSIGNED FUND BALANCE AS A PERCENTAGE OF BUDGET



Observations:

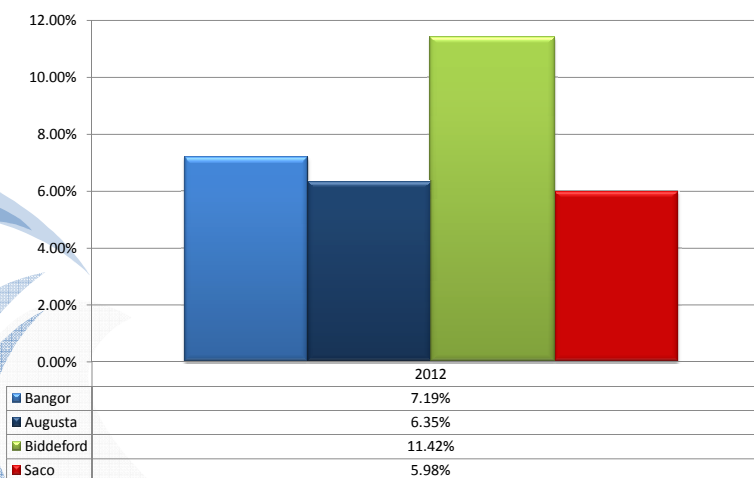
- Fund balance provides working capital for the City and enhances its credit worthiness.
- Credit agencies look for a minimum ratio of unassigned fund balance to budget of 20%. RKO recommends one and a half to two months of expenditures which equals 12.5% to 16.67%.



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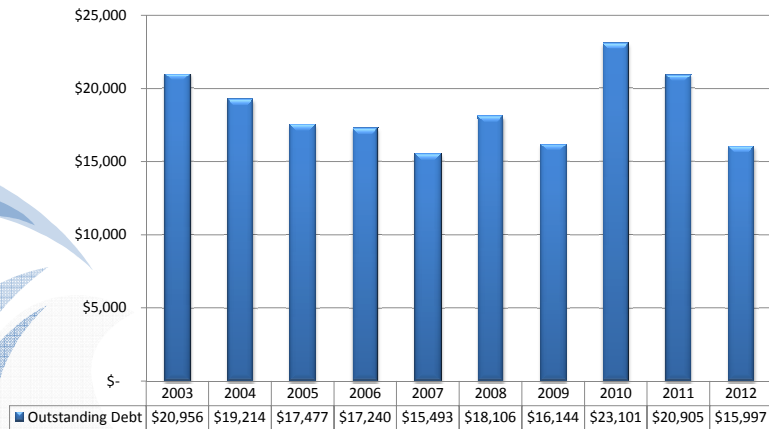
DEBT SERVICE AS A PERCENTAGE OF BUDGET



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GENERAL OBLIGATION DEBT (IN THOUSANDS)



Observations:

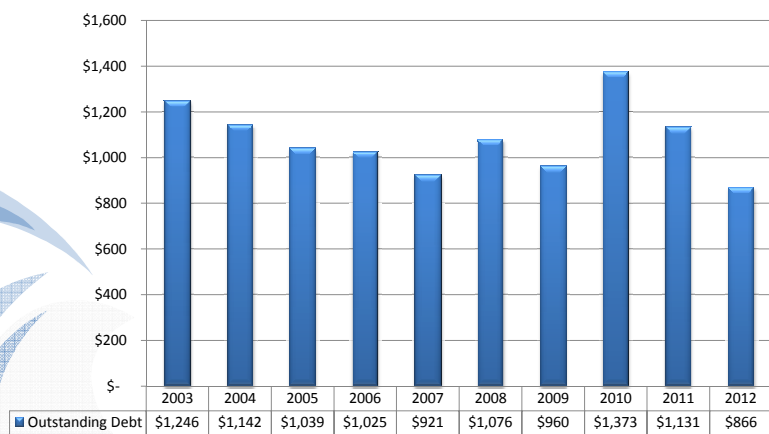
- Saco issued debt for trails, roads, and a new fire station in 2010.
- Certain School related debt was refinanced and assumed by RSU 23 in 2012.



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DEBT PER CAPITA – LAST TEN FISCAL YEARS



Observations:

- Debt per capita has remained relatively stable over the past ten years.
- Bonding agencies typically like this number to be \$2,000 or less.



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